

# **UMLALAZI MUNICIPALITY**



## **FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

## **UMLALAZI MUNICIPALITY**

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**TO: HIS WORSHIP THE MAYOR AND COUNCILLORS OF THE UMLALAZI MUNICIPALITY**

Ladies and Gentlemen

The 2006/2007 financial year started off with an accumulated surplus of R3286622 and the Council budgeted for a surplus of R193223 for the financial year with an expected expenditure growth of 17.8%

As at 30 June 2007, the financial statements reflects an accumulated surplus of R 471940. It is expected that the surplus will be increased during the 2007/2008 financial year by R284638 to R756578.

**1. OPERATING RESULTS**

Details of the operating results by expenditure component, department and classification are included in appendices D and E respectively. The applicable statistics are shown in appendix F. The overall operating results for the year ended are as follows

	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual Budget %</b>
<b>INCOME</b>				
Opening surplus	3286622			
Operating income for the year	90026439	27.8	93397234	(3.6)
Closing deficit				
Sundry transfers				
	<hr/> 93313061		<hr/> 93397234	
<b>EXPENDITURE</b>				
Opening deficit				
Operating expenditure for the year	89471213	32.3	93204011	(4)
Sundry transfers	3369908			
Closing surplus	<hr/> 471940		<hr/> 193223	
	93313061		93397234	

The 27.8% increase in operating income was caused by the change in budgeting process of the rates income, as total rates levied was depicted as income while rebates on rates now reflects as an expenditure as income forgone. Rates income increased by 42.4% or R6 million.

The 32.3% increase in operating expenditure was caused mainly by the above mentioned additional expenditure and the following annual increases:

	<b>%</b>
Salaries, Wages and Allowances	10.7
General Expenses	47.8
Repairs & Maintenance	84.9

The general expenses and repairs and maintenance expenses increased mainly because of Councillor Allowance increases of R3.6 million or 93% and grant expenditure which increased by R3991615 or 14.6%.

The 3.6% and 4% negative variance between the budgeted revenue and expenditure is because of overbudgeting on grants or grants not being fully utilized. The grants are the following :

IDP Review	R 100 000	Good Governance	R 537 000
Performance Management	R 50 000	MAP	R 160 776
Programme Support	R 106 531	LUMS-Eshowe & Gingindlovu	R 200 000
LUMS-Mtunzini	R 400 000	Organisational Structures	R 104 600
Anti Corruption	R 47 452	Public Participation	R 55 290
MSIG	R 558 223	Internal Control	R 150 000
Capacity Building	R 56 593	MII P	R 200 000
Spatial Planning	R 76 440	REDS-Intergration	R 150 000
MDIS	R 150 000		
Housing Unit	R 390 106		

**1.1 Rate and General Services**

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	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual Budget %</b>
Income	63818463	38.5	66527468	(4.1)
Expenditure	63450963	39.9	68354735	(7.1)
Surplus (deficit)	367499		(1827267)	
Surplus/(deficit) as % of total income	0.6		(2.7)	

The 38.5% increase in income is because of the change in budgeting principles on rates income and the expected increased grant income. The same applied to the expenditure increase of 39.9%. The saving on the budgeted expenditure of 7.1% can be attributed to the grant funding not being fully utilized. Provision was made during the 2007/2008 financial year to utilize all available grant funds.

**1.2 Housing Service**

	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual Budget %</b>
Income	53277	6.3	68586	(28.3)
Expenditure	59570	(2.6)	65655	(9.3)
Surplus (Deficit)	(6293)		2931	
Surplus (deficit) as % of total income	(11.8)			

The actual income is 22.3% less than the budgeted amount because of a number of loans being written off because of the housing subsidy scheme approved by the Department of Housing.

**1.3 Electricity Services**

	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual Budget %</b>
Income	21274909	2.9	21896262	(2.8)
Expenditure	21375343	9.9	19983077	6.9
Surplus (deficit)	100434		1913185	
Surplus (deficit) as % of total income	0.5		8.7	

The actual income is 2.8% or R621353 less than the budgeted amount because the National Electricity Regulator did not approve the Council's unit tariff increases for the year. The actual expenditure exceeded the budgeted amount by R1.4 million because of the transformation cost when the Manager: Engineering Services went on early retirement on 30 June 2007 and the electricity purchases vote which was overspent by R1159269 because at the Eskom increase and additional expenditure for Mtunzini and Gingindlovu streetlights which was levied for the first time.

#### 1.4 Refuse Service

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	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual Budget %</b>
Income	4566447	36.3	4619270	(1.1)
Expenditure	4467412	66.1	4664724	(4.2)
Surplus (deficit)	99035		(45454)	
Surplus (deficit) as % of total income	2.2		(0.9)	

The increase of 66.1% in expenditure consists of additional expenditure for the privatisation of the refuse collection services as well as the dump maintenance contract and the Project Consolidate Grant of R800 000 being utilized to establish a refuse transfer station. The grant also resulted in the increase in income.

#### 1.5 Chalet Park

	<b>Actual 2007 R</b>	<b>Variance 2006/2007 %</b>	<b>Budget 2007 R</b>	<b>Variance Actual Budget %</b>
Income	313343	5.9	285648	9.7
Expenditure	117924	(15.6)	135820	(13.1)
Surplus (deficit)	195419		149828	
Surplus (deficit) as % of total income	62.3		52.4	

The decrease in expenditure is because this facility was privatized during the 2002/2003 financial year. The 9.7% positive variance between the budgeted revenue and actual revenue is because no provision was made for the annual lease increase as per the sale agreement.

### 2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R12204291 which is 63 % more than that of the previous year. Actual expenditure is 35.7% less than that budgeted for and consists of the following:

	<b>Actual 2007 R</b>	<b>Budget 2007 R</b>	<b>Actual 2006 R</b>
Land	0	0	798816
Buildings	646531	1160644	1950443
Roads & Streets	7941906	14765477	1399568
Other infrastructure	1503098	1593973	646589
Other movable assets	1405538	1476362	2711068
	<b>11497073</b>	<b>18996456</b>	<b>7506484</b>

Resources used to finance the fixed assets were as follows:

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	<b>Actual 2007 R</b>	<b>Budget 2007 R</b>	<b>Actual 2006 R</b>
External loans		3000000	
Govermemnt loans			
Capital Development Fund	1645115	1612206	2695887
Public improvement fund	4145968	5862000	2633598
Grants and subsidies	5705990	8522250	1378183
Unrealised revaluation surplus			798816
Revenue			
	<b>11497073</b>	<b>18996456</b>	<b>7506484</b>

Fixed assets are analysed by department and services in appendix C.

### 3. EXTERNAL LOANS, INVESTMENTS AND CASH

External loans outstanding at 30 June 2007 amounted to R638270 (R1959210 in 2006) as set out in appendix B. During the year loans totalling R1360640 were repaid and written off.

Investments and cash at 30 June 2007 amount to R26051453 (R19181886 in 2006). More information regarding loans and investments is disclosed in notes (7) to the financial statements.

### 4. FUNDS AND RESERVES

The provision for accumulated leave was increased as per Council's approval policy.

More information regarding funds and reserves are disclosed in the notes (1 to 3) and appendix A to the financial statements.

### 5. APPRECIATION

The functioning of my Department is dependent on the staff and I wish to express my appreciation for their loyalty and for their efficient willing service.

JG GERINGER L.I.A.C.  
Manager: Financial Services  
23-Aug-07

AIMFO

**uMLALAZI MUNICIPALITY: ESHOWE ENTITY****ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007****1. Basis of presentation**

- 1.1 The annual financial statements have been prepared so as to conform with the standards laid down by the Institute of Municipal Financial Officers in the Code of Practice (1997) and the Report of Annual Financial Statements (2nd edition, January 1996)
- 1.2 Except for fixed assets the financial statements are prepared on the historical cost basis.
- 1.3 The financial statements are prepared on the accrual basis:
  - Income is accrued when collectable and measurable. Certain direct income is accrued when received, such as traffic fines and certain licences.
  - Expenditure is accrued in the year it is accrued.

**2. Consolidation**

The balance sheet includes the Rate and General Services, Housing Service, Trading Services and the different funds, reserves and provisions. All inter departmental charges are set-off against each other, with the exception of assessment rates, refuse removal, electricity and water, which are treated as income and expenditure in the respective departments.

**3. Fixed Assets**

- 3.1 Land is revalued once every five years based on rateable valuations as determined by the council's valuer.
- 3.2 Other fixed assets are stated:
  - at historical cost, while they are in existence and fit for use.
- 3.3 Net proceeds from the sale of fixed property are credited to the Public Improvement Fund. Net proceeds from the sale of all other assets are credited to the relevant Capital Development Fund.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income, public contributions and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.
- 3.5 The balance shown against the heading "Loans Redeemed and Other Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their useful life. Apart from advances from the various council funds, assets may also be acquired through:
  - Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is necessary to make any further provision for depreciation.

#### 4. Stock

Stock, which comprises consumable stores is stated at the lower of cost determined on an average cost basis and net realisable value.

#### 5. Funds and Reserves

##### 5.1 Capital Development Fund

The Local Authorities Ordinance 25 of 1974 Section 103 (9) (b), requires a minimum contribution of the defined income of a local authority for the financial year under review.

##### 5.2 Loans Redemption Fund

The redemption of fixed loans are provided for by the annual contributions made to the loan redemption funds calculated on the estimated lives of assets acquired subject to a maximum of 30 years.

#### 6. Administration Charges

Administration charges are charged to the various services on the basis of estimated time spent and cost of facilities used.

#### 7. Investments

Investments are stated in the Financial Statements at original cost. They are invested in the securities prescribed in Section 125(1) of the Local Authorities Ordinance 1974 (25 of 1974).

#### 8. Retirement Benefits

The Council and its employees contribute to the Natal Joint Municipal Pension Fund which provides retirement benefits to such employees.

The retirement benefit plan is subject to the Pension Fund Act No 24 of 1956, with pension being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.



## 9. Income Recognition

### 9.1 Electricity and Water billings

Meters on all properties are read monthly and monthly accounts are sent out with final date of payment on or before the 15th of the following month.

### 9.2 Assessment Rates

Rates are levied on property value and rebates are granted in terms of the Council's Property Rates Policy.

## 10. Provisions for Bad and Leave Pay

### 10.1 Bad Debt

General Rates and land sales debtors are not included in the calculations as the debt can be recovered or land repossessed. All balances on other short term debtor accounts outstanding for more than 90 days are used in the calculations.

As it is expected that there is a 10% recovery, provision for bad debts are calculated on 90% of the balances older than 90 days.

### 10.2 Leave Pay

Credit leave due to staff members as at the end of the financial year is provided for at 33% for the following year.

## 11 Surpluses and Deficits

No surpluses or deficits on the operating accounts are to be appropriated for a specific use or service. No surpluses arising from the trading services were transferred to the Rate and General service.

## 12 Leased Assets

All leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the assets concerned.

**Members of the uMlalazi Municipality Council**

His Worship the Mayor Alderman SB Larkan  
 The Deputy Mayor Councillor M E T Magwaza  
 The Speaker Councillor M S Shandu  
 Councillor T D Biyela  
 Councillor N S Buthelezi  
 Councillor C Buthelezi  
 Councillor M M Cebekhulu  
 Councillor P G Dlolane  
 Councillor M Dlodla  
 Councillor C Gamede  
 Councillor H G L Glass  
 Councillor E Z Jaffe  
 Councillor K Khumalo  
 Councillor K B Magwaza  
 Councillor M M Makhoba  
 Councillor M E Maphumulo  
 Councillor D P Marais  
 Councillor V Mathonsi  
 Councillor S G Mbambo  
 Councillor M Mbuyazi  
 Councillor G Moodley  
 Councillor V B Mthethwa  
 Councillor M M Mzimela  
 Councillor N S Mzimela  
 Councillor P S Mncwango  
 Councillor B R L Ngema

Councillor E N Ngema  
 Councillor G N Ngema  
 Councillor C T Ndwalane  
 Councillor S G Ngema  
 Councillor D T Ngonyama  
 Councillor S F Ngonyama  
 Councillor D C Ntanzu  
 Councillor M M M Ntuli  
 Councillor M C Nxumalo  
 Councillor S R Ngcobo  
 Councillor J K Powell  
 Councillor D K Palavar  
 Councillor M S Shandu  
 Councillor B G S Sithole  
 Councillor B C Sithole  
 Councillor B A Sibiya  
 Councillor T Y Sibiya  
 Councillor B P Simelane  
 Councillor E A Talmage  
 Councillor J D Vilakazi  
 Councillor I Woollett  
 Councillor Q T Xulu  
 Councillor V M Xulu  
 Councillor K B Zikalala  
 Councillor S Zikalala  
 Councillor N G Zondi

**Members of the Executive Committee**

Alderman SB Larkan Chairman  
 Councillor I MET Magwaza  
 Councillor NS Buthelezi  
 Councillor I M C Nxumalo  
 Councillor I C T Ndwalane  
 Councillor J K Powell  
 Councillor I E A Talmage  
 Councillor I Q T Xulu  
 Councillor V M Xulu  
 Councillor J D Vilakazi

**Category of Municipality**  
Category B**Auditors**

Office of the Auditor-General

**Bankers**

First National Bank

**Registered Office**

uMlalazi Municipality  
 Hutchinson Road  
 Eshowe

P O Box 37  
 Eshowe  
 3815

Telephone : 035 - 473 3474  
 Fax : 035 - 474 2809

**Municipal Manager**

J C Gerber

**Manager: Financial Services**

J G Geringer: Registered Municipal Accountant (Associate)

**Members of the Audit Committee**

Mrs K Horsley  
 Mr H Oosthuizen  
 Advocate M Mtshali

## BALANCE SHEET AT 30 JUNE 2007

	Notes	2007 R	2006 R
<b>CAPITAL EMPLOYED</b>			
FUNDS AND RESERVES		89 047 025	86 628 596
Statutory Funds	1	88 747 450	86 504 148
Reserves	2	299 575	124 449
(Accumulated Deficit)/Surplus	17	471 940	3 286 622
		89 518 965	89 915 218
TRUST FUNDS	3	6 231 120	4 909 354
LONG TERM LIABILITIES	4	303 734	1 111 974
DEPOSITS	5	939 228	887 646
		96 993 047	96 824 192
<b>EMPLOYMENT OF CAPITAL</b>			
FIXED ASSETS	6	70 725 194	66 417 595
INVESTMENTS	7	1 000	1 101 000
LONG TERM DEBTORS	8	900 904	2 455 352
		71 627 097	69 973 947
NET CURRENT ASSETS/LIABILITIES		25 365 949	26 850 245
CURRENT ASSETS		42 932 130	36 457 644
Inventory	9	1 483 826	1 349 026
Debtors	10	15 263 858	16 736 857
Short term portion of long-term debtors	8	133 994	290 874
Short term portion of investments	7	22 757 895	16 090 812
Cash		3 292 558	1 990 074
CURRENT LIABILITIES		17 566 181	9 607 399
Provisions	11	438 898	1 527 699
Creditors	12	16 792 747	7 232 463
Short term portion of Long Term Liabilities	4	334 536	847 236
Bank Overdraft			
		96 993 047	96 824 192

CERTIFIED AS CORRECT

CHRIS GERBER  
MUNICIPAL MANAGER

27-Aug-07

CERTIFIED AS CORRECT

HUEY GERINGER  
MANAGER : FINANCIAL SERVICES

UMLALAZI MUNICIPALITY

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INCOME STATEMENT FOR THE YEAR ENDED

30 JUNE 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus (Deficit)	2007 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
46 071 277	45 331 420	739 857	RATE & GENERAL SERVICES	63 818 463	63 450 963	367 499	(1 827 267)
42 402 769	35 222 141	7 180 628	Community services	56 145 556	48 616 688	7 528 868	5 255 637
2 216 596	9 245 435	(7 028 839)	Subsidised services	5 959 647	13 872 315	(7 912 668)	(7 833 283)
1 451 912	863 844	588 068	Economic services	1 713 260	961 961	751 299	750 379
50 090	61 145	(11 055)	HOUSING	53 277	59 570	(6 293)	2 931
24 304 430	22 265 074	2 039 356	TRADING SERVICES	26 154 699	25 960 679	194 020	2 017 559
70 425 797	67 657 639	2 768 158	TOTAL	90 026 439	89 471 213	555 226	193 223
Appropriations for the (1 103 337) year (Refer to Note 17 )				(3 369 909)			
Net surplus/(deficit) for the year				(2 814 682)			
Accumulated surplus/ 1 621 800 (deficit) beginning of year				3 286 622			
Accumulated surplus/ 3 286 621 (deficit) end of year				471 940			

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 R	2006 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES</b>		<b>18 477 147</b>	<b>16 695 712</b>
Cash generated by operations	18	(8 814 522)	6 160 720
Investments income (external)	16	8 403 423	729 624
(Increase) decrease in working capital	19	12 661 395	18 077 578
		12 250 296	24 967 922
Less: External interest paid	16	247 810	(304 827)
<b>Cash available from operations</b>		<b>12 498 106</b>	<b>24 663 095</b>
Cash contributions from the public and the state		5 979 041	(7 967 383)
Net proceeds on disposal of fixed assets			-
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Investments in fixed assets		(10 286 640)	(6 823 743)
<b>NET CASH FLOW</b>		<b>8 190 507</b>	<b>9 871 969</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES</b>			
Increase / ( decrease ) in long-term loans	20	(1 320 940)	(362 971)
(Increase) / decrease in external cash investments	21	(5 567 083)	(6 545 601)
(Increase) / decrease in cash on hand	22	(1 302 484)	(2 963 396)
<b>NET CASH (GENERATED)/UTILISED</b>		<b>(8 190 507)</b>	<b>(9 871 968)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007

	2007 R	2006 R
<b>1. STATUTORY FUNDS</b>		
Capital Development Fund	15 441 272	13 877 635
Loan Redemption Fund	-	606 899
Public Improvement Fund	73 306 178	72 019 614
	<u>88 747 450</u>	<u>86 504 148</u>
(Refer to Appendix A for more detail)		
<b>2. RESERVES</b>		
Parking Reserve	3 746	3 511
Electrical Network	295 829	120 937
	<u>299 575</u>	<u>124 449</u>
(Refer to Appendix A for more detail)		
<b>3. TRUST FUNDS</b>		
Housing Development	4 345 683	4 013 935
Dorothy Irons Trust Fund	10 928	10 201
Masakhane	2 555	3 918
Indigent Support	937 969	692 322
Disaster Relief	697 898	111 012
Mayoral Community Assistance	-	37 090
Humanitatuion Fund	111 464	40 876
UML Community Fund	124 623	
	<u>6 231 120</u>	<u>4 909 354</u>
(Refer to Appendix A for more detail)		
<b>4. LONG TERM LIABILITIES</b>		
Local registered stock	-	940 000
Annuity loans	<u>638 270</u>	<u>1 019 210</u>
	638 270	1 959 210
Less: Current portion transferred to current liabilities	334 536	847 236
	<u>303 734</u>	<u>1 111 974</u>
(Refer to Appendix B for more detail)		

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

		2007 R	2006 R
<b>5. DEPOSITS</b>			
Consumer Deposits	30	774 166	715 498
Sundry Deposits	35	165 062	172 148
		<u>939 228</u>	<u>887 646</u>
Guarantees in lieu of electricity deposits		<u>621 062</u>	<u>621 062</u>
<b>6. FIXED ASSETS</b>			
Fixed assets at the beginning of the year		138 132 800	131 309 057
Asset value correction			798 816
Capital outlay during the year		<u>11 497 073</u>	<u>6 708 424</u>
		149 629 873	138 816 297
<b>Less</b> : Assets written off, transferred or disposed of during the year		<u>(1 210 432)</u>	<u>(683 498)</u>
<b>Total fixed assets</b>		148 419 441	138 132 800
<b>Less</b> : Loans redeemed and other capital receipts		<u>77 694 247</u>	<u>71 715 206</u>
<b>Net fixed assets</b>		<u>70 725 194</u>	<u>66 417 595</u>
(Refer to Appendix C and section two of the Manager: Financial Services Report for more detail)			
<b>Asset Lease Rentals</b>		<u>357 500</u>	<u>345 575</u>
<b>7. INVESTMENTS</b>			
<b>Unlisted</b>			
Local registered stock			1 100 000
Short term deposits	53		4 013 935
Call Deposits		22 757 895	12 076 877
Coastal Farmers		<u>1 000</u>	<u>1 000</u>
		22 758 895	17 191 812
<b>Less</b> : Short-term portion of investments transferred to current assets		<u>22 757 895</u>	<u>16 090 812</u>
		<u>1 000</u>	<u>1 101 000</u>
Average rate of return on investments		6.70%	6.10%
Section 125 of the Local Authorities Ordinance, 25 of 1974, requires local authorities to invest funds, which are not immediately required, with prescribed institutions			
No investments have been written off during the year.			

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

		2007 R	2006 R
<b>8. LONG TERM DEBTORS</b>			
Housing Loans	32	940 189	2 565 726
Staff Car Loans	33	-	6 581
Deposits with creditors	293	56 800	53 800
Land Sales	36	37 909	120 120
		<u>1 034 898</u>	<u>2 746 226</u>
Less : Short-term portion of long-term debtors transferred to current assets	305	<u>133 994</u>	<u>290 874</u>
		<u>900 904</u>	<u>2 455 352</u>
<b>9. INVENTORY</b>			
Inventory represents consumable stores	37	<u>1 483 826</u>	<u>1 349 026</u>
<b>10. DEBTORS</b>			
Current debtors ( consumers and other )	38	16 544 115	18 440 442
Survey Costs	39	<u>70 377</u>	<u>34 277</u>
		<u>16 614 492</u>	<u>18 474 719</u>
Less : Provision for bad debts		<u>(1 350 635)</u>	<u>(1 737 861)</u>
		<u>15 263 858</u>	<u>16 736 857</u>
An amount of R1 677 747 was written off as irrecoverable during the year (2006 : R1 283 707)			
<b>11. PROVISIONS</b>			
Audit fees		-	743 661
Accumulated Leave		438 898	784 039
		<u>438 898</u>	<u>1 527 699</u>
<b>12. CREDITORS</b>			
Trade Creditors	41	5 812 486	2 414 491
Payments in Advance	42	609 324	275 699
Unclaimed Monies	43	427 114	124 712
Value Added Tax	44	1 323 987	924 337
Salary Suspense	45	68 626	35 090
Retention Monies	46	375 006	650 880
Regional Development	47	-	29 133
Government Grants	303	<u>8 176 204</u>	<u>2 778 121</u>
		<u>16 792 747</u>	<u>7 232 463</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

	2007 R	2006 R
<b>16. FINANCE TRANSACTIONS</b>		
Total external interest earned or paid:		
Interest earned	1 537 666	729 624
Interest paid	247 810	304 827
Capital charges debited to operating account:		
Interest - External	64 247 810	304 827
Internal	69 2 611 118	2 434 890
Redemp- External	65 419 989	362 971
Internal	68 3 834 651	3 319 364
	<u>7 113 567</u>	<u>6 422 052</u>
<b>17. APPROPRIATIONS</b>		
Appropriation account:		
Accumulated (deficit)/surplus at the beginning of the year	3 286 622	1 621 800
Operating (deficit)/surplus for the year	555 226	2 768 159
Appropriations for the year	(3 369 909)	(1 103 337)
Contribution to Capital Development Fund	-	-
Prior year adjustments	(3 369 909)	(1 103 337)
Accumulated (deficit)/surplus at the end of the year	<u>471 940</u>	<u>3 286 622</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

	2007 R	2006 R
<b>Operating account :</b>		
Contributions to :		
Fixed assets		
Capital Development Fund	1 274 210	1 072 639
Loan Redemption Fund	327 999	31 724
Public Improvement Fund	150 000	888 997
Housing Development		
Parking Reserve	-	143 860
Electrical Network	219 076	143 555
Masakhane		
Indigent Support	200 000	200 000
Disaster Relief	800 000	250 000
Mayoral Community Assistance	-	5 000
Audit fees	1 398 273	1 065 973
Bad Debt	1 290 521	1 551 141
Accumulated Leave	594 790	615 365
	<u>6 254 869</u>	<u>5 968 254</u>

**18. CASH GENERATED BY OPERATIONS**

(Deficit)/surplus for the year	555 226	2 768 159
Adjustments in respect of:		
Previous years' operating transactions	(3 369 909)	(1 103 337)
Appropriations charged against income:	(1 088 802)	214 522
Provisions	(1 088 802)	214 522
Fixed Assets	-	-
Capital Charges	(7 113 567)	304 827
Interest paid:		
- to internal funds	(2 611 118)	
- on external funds	(247 810)	304 827
Redemptions paid:		
- of internal advances	(3 834 651)	
- of external loans	(419 989)	
Investment income (operating account)	1 537 666	729 624
Non-operating income:	5 211 791	5 227 733
Statutory Funds	3 178 201	3 682 344
Reserves	224 405	287 414
Trust Funds	1 809 185	1 257 975
Non-operating expenditure:	(1 471 597)	(521 560)
Statutory Funds	(934 898)	(38 089)
Reserves	(49 280)	(162 966)
Trust Funds	(487 418)	(320 505)
	<u>(8 814 522)</u>	<u>6 160 720</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

21

	2007 R	2006 R
<b>19. (INCREASE) / DECREASE IN WORKING CAPITAL</b>		
Increase /(Decrease) in deposits	51 582	34 400
(Increase) / Decrease in inventory	(134 799)	(36 522)
(Increase) / Decrease in debtors	3 184 328	16 503 667
Increase /(Decrease) in creditors	9 560 284	1 576 034
	<u>12 661 395</u>	<u>18 077 579</u>
<b>20. INCREASE / (DECREASE) IN LONG TERM LOANS</b>		
Loans raised	39 700	-
Loans repaid	(1 360 640)	(362 971)
	<u>(1 320 940)</u>	<u>(362 971)</u>
<b>21. (INCREASE) / DECREASE IN EXTERNAL CASH INVESTMENTS</b>		
Investments as at 30/06/2006	17 191 812	10 646 211
Investments as at 30/06/2007	22 758 895	17 191 812
	<u>(5 567 083)</u>	<u>(6 545 601)</u>
<b>22. (INCREASE) / DECREASE IN CASH ON HAND</b>		
Cash balance at beginning of year	1 990 074	(973 324)
Cash balance at end of year	50 3 292 558	1 990 074
	<u>(1 302 484)</u>	<u>(2 963 398)</u>
<b>23. CAPITAL DEVELOPMENT FUND</b>		
<b>Outstanding advances to borrowing services</b>		
Accumulated funds	15 441 272	13 877 635
Less: External investments	2020 7 804 270	(4 537 468)
Cash on hand		(1 570 075)
Refer to appendix B for more detail on outstanding advances to borrowing services	<u>7 637 003</u>	<u>7 770 092</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued) 22

2007  
R

2006  
R

24. LOAN REDEMPTION FUND

Outstanding advances to borrowing services

Accumulated funds	-	606 899
Less: External investments	-	-

Refer to appendix B for more detail on outstanding advances to borrowing services

-	606 899
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25. PUBLIC IMPROVEMENT FUND

Outstanding advances to borrowing services

Accumulated funds	73 306 178	72 019 614
Less:	56 605 618	57 408 578
Value of land and development cost	50 590 715	50 590 716
External investments	5 906 617	6 663 466
Cash on hand	37 909	120 119
Debtors	70 377	34 277

Refer to appendix B for more detail on outstanding advances to borrowing services

70

16 700 560	14 611 036
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26. CONTRACT GUARANTEES

24 253

27. CONTRACTUAL OBLIGATIONS

Staff Leave	1 462 993	1 568 078
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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

	2007 R	2006 R
<b>28 RETIREMENT BENEFITS</b>		
The last actuarial valuations of the Natal Joint Municipal Pension Funds (Superannuation and Retirement) was done at 31 March 2005. These valuations disclosed a deficit for past service of R224,7 million and a deficit for past service of R202,9 million respectively.		
These shortfalls will be met with a surcharge of 6% from 1 July 2006 for 3 years for the Superannuation Pension Fund, and a surcharge of 14% from 1 July 2006 for the Retirement Pension Fund.		
 <b>29 South African Local Government Association</b>		
Membership	112 762	117 858
Bargaining Council	20 430	9 215
	<u>133 192</u>	<u>127 073</u>
No amounts outstanding at the end of the financial year		
 <b>30 Audit fees</b>		
No amounts outstanding at the end of the financial year	<u>-</u>	<u>736 437</u>
 <b>31 South African Revenue Services</b>		
P A Y E	3 613 340	2 729 174
Value added tax	1 278 787	537 493
	<u>4 892 127</u>	<u>3 266 667</u>
No amounts outstanding at the end of the financial year		
 <b>32 uThungulu District Municipality</b>		
Skills Development Levy	268 148	110 341
	<u>268 148</u>	<u>224 083</u>
No amounts outstanding at the end of the financial year		<u>334 424</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)

	2007 R	2006 R
<b>33 Pension Fund Contributions</b>	<b>3 870 394</b>	<b>3 258 400</b>
Staff	3 444 487	3 012 828
Councillors	425 907	245 572
<b>Medical Aid Contributions</b>	<b>1 033 033</b>	<b>1 012 962</b>
Staff	1 002 420	1 000 794
Councillors	30 613	12 168
	<u>4 903 427</u>	<u>4 271 362</u>
No amounts outstanding at the end of the financial year		

**34 BANK ACCOUNT INFORMATION**

Name of the bank	<b>F N B</b>	<b>F N B</b>
Type of account	<b>Current</b>	<b>Current</b>
Year opening balance	<b>2 017 998</b>	<b>(987 419)</b>
Year end balance	<b>3 949 766</b>	<b>2 017 998</b>

**13 ASSESSMENT RATES**

	Site valuations at 01 July 2006	2007	2006
	R	R	R
Residential	172 152 770	15564988	14 683 992
Commercial	19 382 780	3992312	3 766 342
Light Industrial	4 211 000	430405	406 044
Caravan Parks	700 000	84261	77 793
Agricultural	333 000	40436	39 847
	<u>196 779 550</u>	<u>20 112 402</u>	<u>18 974 018</u>
Less: Rebates granted		(4 997 338)	(4 802 299)
	<u>196 779 550</u>	<u>15 115 064</u>	<u>14 171 719</u>

Valuations on land are performed every 5 years.

The fixed dates of the valuation rolls are as follows:

Eshowe - 1 July 1999

Mtunzini - 1 July 1995

Gingindlovu - 1 July 1996

The basic rates were as follows:

Eshowe :15,77 per rand on land only

Mtunzini : 6,10 per rand on land only

Gingindlovu : 15,06 per rand on land only

The following rebates were granted:

Municipal properties : - 100%

Government properties - 20%

Pensioners : - 50%

Properties with land values  
of R7,000 and less -100%

**14 COUNCILLOR' S REMUNERATION**

<b>Mayor</b>	421 239	276 102
Salary	264 231	169 698
Allowances and benefits	157 008	106 404
<b>Speaker</b>	177 473	107 067
Allowance	122 815	79 203
Benefits	54 658	27 864
<b>Deputy Mayor</b>	232 944	106 924
Allowance	161 725	79 203
Benefits	71 219	27 721
<b>Members of Excutive Committee</b>	1 357 047	835 222
Allowances	936 803	598 434
Benefits	420 244	236 788
<b>Councillors</b>	5 259 601	2 529 706
Allowances	3 599 327	1 661 651
Benefits	1 660 274	868 055
	<u>7 448 304</u>	<u>3 855 021</u>

**15 REMUNERATION OF THE MUNICIPAL MANAGER****2007**

Annual Remuneration	457 555
Performance Bonus	62 282
Car Allowance	84 000
Contributions to UIF, Medical and Pension Funds	93 718
<b>Total</b>	<b>697 554</b>

**REMUNERATION OF THE CHIEF FINANCIAL OFFICER**

Annual Remuneration	222 055
13th Cheque	37 070
Allowances : Car / Housing	193 892
Contributions to UIF, Medical and Pension Funds	72 329

<b>Total</b>	<b>525 346</b>
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**EMPLOYEE RELATED COSTS (CONTINUED)****Remuneration of Individual Executive Directors  
30-Jun-07**

	<b>Corporate Services</b>	<b>Community Services</b>	<b>Protection Services</b>	<b>Engineer Services</b>
Annual Remuneration	222 055	222 055	222 055	222 055
13th Cheque	18 352	18 352	37 070	37 070
Allowances : Car / Housing	85 255	116 777	707 505	414 625
Medical,Pension,UIF and Group Life funds	85 255	77 176	77 176	63 764
<b>Total</b>	<b>410 916</b>	<b>434 360</b>	<b>1 043 807</b>	<b>737 514</b>



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)**

**25  
2007  
R**

**35 GOVERNMENT GRANTS AND SUBSIDIES**

<b>GR1</b>	16.1 Programme Support	
	Balance unspent at beginning of year	25 732
	Current year receipts	
	Interest Earned	12 043
	Conditions met - transferred to revenue	34 200
	Conditions still to be met - transferred to liabilities	<u>3 575</u>
<b>GR 5</b>	16.2 PMS Human Resources	
	Balance unspent at beginning of year	28 240
	Current year receipts	
	Conditions met - transferred to revenue	6 645
	Conditions still to be met - transferred to liabilities	<u>21 595</u>
<b>GR 6</b>	16.3 Capacity Building : GIS	
	Balance unspent at beginning of year	44 779
	Current year receipts	50 000
	Conditions met - transferred to revenue	90 577
	Conditions still to be met - transferred to liabilities	<u>4 203</u>
<b>GR 7</b>	16.4 Development Administrator	
	Balance unspent at beginning of year	116 000
	Current year receipts	
	Conditions met - transferred to revenue	
	Conditions still to be met - transferred to liabilities	<u>116 000</u>
<b>GR 9</b>	16.5 IDP Review	
	Balance unspent at beginning of year	24 599
	Current year receipts	
	Conditions met - transferred to revenue	24 599
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 10</b>	16.6 Development Administrator	
	Balance unspent at beginning of year	100 000
	Current year receipts	
	Conditions met - transferred to revenue	95 905
	Conditions still to be met - transferred to liabilities	<u>4 095</u>
<b>GR 11</b>	16.7 Capacity Building : MDPCB	
	Balance unspent at beginning of year	80 000
	Current year receipts	70 000
	Conditions met - transferred to revenue	93 507
	Conditions still to be met - transferred to liabilities	<u>56 493</u>
<b>GR 12</b>	16.8 IDP Review	
	Balance unspent at beginning of year	45 565
	Current year receipts	
	Conditions met - transferred to revenue	45 565
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 13</b>	16.9 IDP Revision	
	Balance unspent at beginning of year	1 485
	Current year receipts	
	Conditions met - transferred to revenue	1 485
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 15</b>	16.10 MSIG	
	Balance unspent at beginning of year	402 509
	Current year receipts	734 000
	Conditions met - transferred to revenue	575 500
	Conditions still to be met - transferred to liabilities	<u>561 009</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)**

**26**

<b>GR 15</b>	16.11 Workers Programme	
	Balance unspent at beginning of year	32 755
	Current year receipts	
	Conditions met - transferred to revenue	<u>22 633</u>
	Conditions still to be met - transferred to liabilities	<u>10 122</u>
<b>GR 17</b>	16.12 Municipal Development Infra Structure	
	Balance unspent at beginning of year	100 000
	Current year receipts	
	Conditions met - transferred to revenue	
	Conditions still to be met - transferred to liabilities	<u>100 000</u>
<b>GR 17</b>	16.13 Lums Mtunzini	
	Balance unspent at beginning of year	110 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>70 000</u>
	Conditions still to be met - transferred to liabilities	<u>40 000</u>
<b>GR 19</b>	16.14 Project Conlitate : Housing Unit	
	Balance unspent at beginning of year	400 000
	Current year receipts	
	Interest Earned	15 045
	Conditions met - transferred to revenue	<u>9 900</u>
	Conditions still to be met - transferred to liabilities	<u>405 145</u>
<b>GR 20</b>	16.15 Project Consolidate : Landfill Site	
	Balance unspent at beginning of year	800 000
	Current year receipts	
	Interest Earned	30 089
	Conditions met - transferred to revenue	<u>696 237</u>
	Conditions still to be met - transferred to liabilities	<u>133 852</u>
<b>GR 22</b>	16.16 Capacity Building	
	Balance unspent at beginning of year	24 816
	Current year receipts	
	Conditions met - transferred to revenue	<u>24 816</u>
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 23</b>	16.17 Plan & Int Performance Management	
	Balance unspent at beginning of year	205 420
	Current year receipts	
	Conditions met - transferred to revenue	<u>193 336</u>
	Conditions still to be met - transferred to liabilities	<u>12 084</u>
<b>GR 23</b>	16.18 MFMA	
	Balance unspent at beginning of year	145 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>139 231</u>
	Conditions still to be met - transferred to liabilities	<u>5 769</u>
<b>GR 23</b>	16.19 Interdepartmental Monitoring	
	Balance unspent at beginning of year	40 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>40 000</u>
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 23</b>	16.20 Housing Plan	
	Balance unspent at beginning of year	95 104
	Current year receipts	
	Conditions met - transferred to revenue	<u>52 534</u>
	Conditions still to be met - transferred to liabilities	<u>42 570</u>
<b>GR 29</b>	16.21 Municipal Systems Improvement	
	Balance unspent at beginning of year	40 956
	Current year receipts	
	Conditions met - transferred to revenue	<u>40 956</u>
	Conditions still to be met - transferred to liabilities	<u>-0</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)**

**27**

<b>GR 30</b>	16.22 Capacity Building	
	Balance unspent at beginning of year	286 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>101 532</u>
	Conditions still to be met - transferred to liabilities	<u>184 468</u>
<b>GR 31</b>	16.23 IDP Review & Development Plan	
	Balance unspent at beginning of year	50 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>50 000</u>
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 32</b>	16.24 LUMS Spatial	
	Balance unspent at beginning of year	80 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>3 560</u>
	Conditions still to be met - transferred to liabilities	<u>76 440</u>
<b>GR 33</b>	16.25 LUMS Ward 17	
	Balance unspent at beginning of year	470 000
	Current year receipts	
	Conditions met - transferred to revenue	<u>135 000</u>
	Conditions still to be met - transferred to liabilities	<u>335 000</u>
<b>GR 34</b>	16.26 Budget Reform	
	Balance unspent at beginning of year	449 900
	Current year receipts	
	Interest Earned	95 981
	Conditions met - transferred to revenue	<u>448 689</u>
	Conditions still to be met - transferred to liabilities	<u>97 192</u>
<b>GR 35</b>	16.27 MIG	
	Balance unspent at beginning of year	598 320
	Current year receipts	8 683 638
	Interest Earned	111 039
	Conditions met - transferred to revenue	<u>5 810 390</u>
	Conditions still to be met - transferred to liabilities	<u>3 582 607</u>
<b>GR 37</b>	16.28 Review and Amendment of IDP	
	Balance unspent at beginning of year	50 000
	Current year receipts	
	Conditions met - transferred to revenue	
	Conditions still to be met - transferred to liabilities	<u>50 000</u>
<b>GR 38</b>	16.29 Development of LUMS	
	Balance unspent at beginning of year	
	Current year receipts	
	Conditions met - transferred to revenue	<u>40 000</u>
	Conditions still to be met - transferred to liabilities	<u>-40 000</u>
<b>GR 39</b>	16.30 MAP	
	Balance unspent at beginning of year	500 000
	Current year receipts	
	Interest Earned	18 519
	Conditions met - transferred to revenue	<u>339 224</u>
	Conditions still to be met - transferred to liabilities	<u>179 296</u>
<b>GR 40</b>	16.31 Internal Control Units	
	Balance unspent at beginning of year	150 000
	Current year receipts	
	Interest Earned	5 642
	Conditions met - transferred to revenue	
	Conditions still to be met - transferred to liabilities	<u>155 642</u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 30 JUNE 2007 (Continued)**

**28**

<b>GR 41</b>	16.32 Organizational Structure	
	Balance unspent at beginning of year	137 000
	Current year receipts	
	Interest Earned	5 153
	Conditions met - transferred to revenue	32 400
	Conditions still to be met - transferred to liabilities	<u>109 753</u>
<b>GR 42</b>	16.33 Public Participation	
	Balance unspent at beginning of year	250 000
	Current year receipts	
	Interest Earned	8 957
	Conditions met - transferred to revenue	194 710
	Conditions still to be met - transferred to liabilities	<u>64 247</u>
<b>GR 43</b>	16.34 Financial Management	
	Balance unspent at beginning of year	100 000
	Current year receipts	
	Conditions met - transferred to revenue	100 000
	Conditions still to be met - transferred to liabilities	<u>0</u>
<b>GR 44</b>	16.35 Financial Management Grant	
	Balance unspent at beginning of year	500 000
	Current year receipts	
	Interest Earned	15 392
	Conditions met - transferred to revenue	22 277
	Conditions still to be met - transferred to liabilities	<u>493 115</u>
<b>GR 45</b>	16.36 KDS Bus Route : Project Consolidate	
	Balance unspent at beginning of year	1 500 000
	Current year receipts	
	Interest Earned	43 290
	Conditions met - transferred to revenue	71 974
	Conditions still to be met - transferred to liabilities	<u>1 471 316</u>
<b>GR 46</b>	16.37 Municipal Infrastructure : MIIP	
	Balance unspent at beginning of year	200 000
	Current year receipts	
	Interest Earned	2 481
	Conditions met - transferred to revenue	
	Conditions still to be met - transferred to liabilities	<u>202 481</u>
<b>GR 47</b>	16.38 Integration with REDS	
	Balance unspent at beginning of year	150 000
	Current year receipts	
	Interest Earned	13 681
	Conditions met - transferred to revenue	
	Conditions still to be met - transferred to liabilities	<u>163 681</u>
	16.39 GING TLC : Systems Improvement	
	Balance unspent at beginning of year	200 000
	Current year receipts	
	Conditions met - transferred to revenue	188 130
	Conditions still to be met - transferred to liabilities	<u>11 870</u>
	16.40 GING TLC : IDP Switchboard	
	Balance unspent at beginning of year	150 457
	Current year receipts	
	Interest Earned	9 007
	Conditions met - transferred to revenue	137 477
	Conditions still to be met - transferred to liabilities	<u>21 987</u>

This is the first year that all grants received are listed. Previous year information is not available in this format

UMLALAZI MUNICIPALITY  
APPENDIX A

29

STATUTORY FUNDS, RESERVES, TRUST FUNDS AND PROVISIONS FOR THE  
YEAR ENDED 30 JUNE 2007

					Balance at 2006/06/30	Contributions during the year	Interest on investments	Other income	Expenditure during the year	Balance at 2007/06/30
					R	R	R	R	R	R
<b>STATUTORY FUNDS</b>										
Capital Development										
Fund	222	223	224	225	226	13 877 635	1 274 210	289 427	-	15 441 272
Loan Redemption										
Fund	227	228	229	230	231	606 899	327 999	-	934 898	-
Public Improvement										
Fund	232	233	234	235	236	72 019 614	150 000	1 136 564	-	73 306 178
						<b>86 504 148</b>	<b>1 752 209</b>	<b>1 425 992</b>	<b>-</b>	<b>88 747 450</b>
<b>RESERVES</b>										
Parking Reserve	237	238	239	240	241	3 511	-	234	-	3 745
Electrical Network	242	243	244	245	246	120 937	219 076	5 096	-	295 829
						<b>124 449</b>	<b>219 076</b>	<b>5 329</b>	<b>-</b>	<b>299 574</b>
<b>TRUST FUNDS</b>										
Housing Development	247	248	249	250	251	4 013 935	-	331 748	-	4 345 683
Dorothy Irons Trust	252	253	254	255	256	10 201	-	727	-	10 928
Masakhane	257	258	259	260	261	3 918	-	237	-	2 555
Indigent Support	262	263	264	265	266	692 322	200 000	61 170	-	937 969
Disaster Relief	267	268	269	270	271	111 012	800 000	51 777	-	697 898
Mayoral Assistance	272	273	274	275	276	37 090				-
Humanitaiun Fund	292	293	294	295	296	40 876	40 876	11 690	150 000	111 464
UML Community Fund	297	298	299	300	301	-	37 090	3 870	120 000	124 623
						<b>4 909 354</b>	<b>1 077 966</b>	<b>461 219</b>	<b>270 000</b>	<b>6 231 120</b>
<b>PROVISIONS</b>										
Audit fees	277					743 661	1 398 273		2 141 933	-
Bad Debts	282					1 737 861	1 290 521		1 677 747	1 350 635
Accumulated Leave	287					784 039	594 790		939 931	438 898
						<b>3 265 561</b>	<b>3 283 584</b>	<b>-</b>	<b>4 759 612</b>	<b>1 789 533</b>

## UMLALAZI MUNICIPALITY

## APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES  
FOR THE YEAR ENDED 30 JUNE 2007

						Balance at 2006/06/30	Received during the year	Redeemed or written off during the year	Balance at 2007/06/30
						R	R	R	R
<b>EXTERNAL LOANS</b>									
Local Registered Stock									
Issued	Cert No	Redeemable							
<a href="#">1974@9%</a>	170	2005	198	199	200	39 673	-	39 673	-
<a href="#">1968@10%</a>	172	2005	201	202	203	395 225	-	395 225	-
<a href="#">1988@10%</a>	174	2010	204	205	206	500 000	-	500 000	-
						934 898	-	934 898	-
Matured stock loans									
			210	211	212	5 102	-	5 102	-
						940 000	-	940 000	-
Annuity loans									
			207	208	209	1 019 210	39 700	420 640	638 270
( Refer to Note 4 )						1 959 210	39 700	1 360 640	638 270
<b>INTERNAL ADVANCES TO BORROWING SERVICES</b>									
Consolidated Capital Development Fund			213	214	215	7 770 092	1 645 115	1 778 205	7 637 003
Loan Redemption Fund			219	220	221	606 898	-	606 898	-
Public Improvement Fund			216	217	218	14 611 036	4 145 968	2 056 445	16 700 560
						22 988 026	5 791 084	4 441 548	24 337 562

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APPENDIX C

ANALYSIS OF FIXED ASSETS  
FOR THE YEAR ENDED 30 JUNE 2007

Expenditure 2005	Service				Budget 2007	Balance at 2006/06/30	Expenditure 2007	Redeemed, transferred or written off	Balance at 2006/07/30
R					R	R	R	R	R
	<b>RATE AND GENERAL SERVICES</b>							<b>T 1 379 866</b>	
<b>62 030 755</b>					<b>17 979 456</b>	<b>70 361 870</b>	<b>9 993 974</b>	<b>907 296</b>	<b>78 068 682</b>
								<b>T 978 833</b>	
<b>26 521 397</b>	<b>Community services</b>				<b>15 873 940</b>	<b>31 144 142</b>	<b>1 375 802</b>	<b>880 905</b>	<b>30 660 206</b>
1 016 037	Mayoral Office	18	80	81	38 000	1 293 278	31 415	T 155 113 1 899 (52 274)	1 167 681
24 662	Municipal Manager	19	83	84	-	24 662	40 449	T -	117 385
642 578	Corporate Services	20	86	87	41 000	663 090	44 802	T 229 209 21 013	457 670
554 024	Furniture & Equipment		89	90	-	554 024	-	T 554 024	-
42 580	Land	23	94	95	-	42 580	646 531	T (19 183 905) 38 686	19 834 331
361 151	Refuse Dump		97	98	-	361 151	-	T 361 151	-
10 702	Refuse		100	101	-	3 376	-	T 3 376	-
251 174	Equipment		103	104	-	251 174	-	T 251 174	-
6 972 167	Town Hall & Offices	27	106	107	357 000	7 258 905	16 850	T 6 950 112 52 845	272 798
134 678	Town Planning	28	109	110	-	134 678	116 180	T (209 784) 135 988	324 654
	Buildings		198		123 550	-	-	T (427 848)	-
1 043 889	Staff Housing	29	112	113	80 000	1 146 966	70 954	T 8 618	1 637 150
1 593 306	Libraries	30	115	116	52 000	3 252 028	22 019	T 2 936 964 15 712	321 372
552 993	Recreation Grounds		118	119	-	552 993	-	T 552 993	-
178 480	Council General	32	121	122	14 342 090	1 364 277	-	T 370 748 44 345	949 184
88 591	Sunnydale Hall		124	125	-	88 591	-	T 88 591	-
1 582 120	Traffic	34	127	128	279 000	1 999 695	176 679	T 254 224 129 215	1 792 935
21 368	Aerodrome		130	131	-	21 368	-	T 21 368	-
	Finance					1 440 555	-	T 1 440 555	-
1 346 546	CFO	38	142	146	123 000		19 721	T (326 875) 9 954	336 642
	Expenditure	52	143	147	-		38 580	T (687 783) 29 117	697 246
	Revenue	53	144	148	-		62 671	T (486 398) 14 230	534 839
	Testing Grounds	36	133	134	267 000	-	12 654	T (105 615) -	118 269
	Stores	54	145	149	-		2 433	T (220 820) 1 306	221 947
530 200	Workshop	39	151	152	10 200	756 056	-	T 595 754 2 957	157 345
1 025 927	Public Conveniences		154	155	-	1 025 927	-	T 1 025 927	-
78 970	Street Cleaning	41	157	158	-	74 787	-	T 3 304	71 483
6 390 587	Parks, Gardens & Est	42	160	161	36 100	6 680 688	34 193	T 4 993 374 371 986	1 349 521
400 241	Swimming Pool	43	163	164	80 000	399 698	18 723	T 168 448 2 021	247 952
44 118	Caravan Park		166	167	-	82 868	-	T 82 868	-
499 888	Engineering Services	45	169	170	45 000	536 306	20 948	T 511 407 784	45 063
1 134 420	Cemeteries	46	172	173	-	1 134 420	-	T 1 129 450 232	4 738

35 509 358 Subsidised services					T 401 033				
					2 105 516	39 217 728	8 618 172	26 391	47 408 476
566 292	Zld Historical Museum	47	175	176	22 000	606 292	21 329	T 415 188	211 982
611 916	Fire Fighting	48	178	179	-	1 884 527	549 842	T 8 844	2 424 804
	Health	50	184	185	15 000	-	13 922	(143 993)	154 804
2 110 364	Clinics	49	181	182	148 316	2 116 816	91 174	T 1 903 742	302 952
32 220 786	Roads & Streets	51	187	188	1 920 200	34 610 093	7 941 906	(1 782 748)	44 313 933
								20 814	
43 758	HOUSING				-	43 758	-	-	43 758
43 758	Sub-economic housing	5	77	78	-	43 758	-	-	43 758
15 348 120 TRADING SERVICES					T (1 379 867)				
					1 017 000	17 136 457	1 503 098	303 136	19 716 286
83 231	Cane Farm		196	197	-	74 374	-	(0)	74 374
1 192 006	Refuse	1	74	75	488 000	1 684 002	397 963	T 32 251	1 787 718
2 567 830	Chalet Park	2	190	191	-	2 567 830	-	261 996	2 582 511
11 505 053	Electricity	3	193	194	529 000	12 810 252	1 105 135	(14 681)	15 271 684
								(1 397 436)	
								41 140	
					-	50 590 716	-	1	50 590 715
51 223 698	PUBLIC							T 1	
51 223 698	IMPROVEMENT FUND	70	71	72	-	50 590 716	-	-	50 590 715
128 646 331 TOTAL FIXED ASSETS					T 0				
					18 996 456	138 132 800	11 497 073	1 210 432	148 419 441
Less :									
Loans redeemed and other capital receipts									
Loans redeemed and advances repaid	20				71 715 206	48 661 082	42 682 041	77 694 247	
Contributions from operating income	21				42 643 298	8 492 091	7 691 872	43 443 516	
Grants and subsidies	22				923 372	-	-	923 372	
Public contributions	23				26 918 461	40 096 411	34 988 613	32 026 259	
Renewals fund	24				906 899	-	-	906 899	
Contributions from reserves	25				16 961	-	-	16 961	
Insurance	26					-	-		
Endowments	27				167	-	-	167	
Proceeds sale of assets	28				23 943	-	-	23 943	
					43 951	-	-	43 951	
					238 155	72 580	1 556	309 179	
NET FIXED ASSETS					66 417 595	(37 164 009)	(41 471 608)	70 725 194	



## APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2007

Actual 2006 R		Actual 2007 R	Budget 2007 R
<b>INCOME</b>			
27 338 529	2 Government and Provincial grants and subsidies	31 669 368	34 825 131
43 087 268	1 Income from tariffs, service charges, etc.	58 357 071	58 572 103
70 425 797		90 026 439	93 397 234
<b>EXPENDITURE</b>			
25 793 961	3 Salaries, wages and allowances	28 542 115	28 406 101
28 874 143	4 General expenses	42 692 931	46 156 214
5 133 886	5 Repairs and maintenance	9 494 245	9 726 890
6 453 777	6 Capital charges	7 441 566	7 140 450
1 467 592	7 Contributions to fixed assets	1 376 092	1 802 308
67 723 358	8 Contributions	89 546 948	93 231 963
65 720	<b>Gross expenditure</b>	75 736	27 952
67 657 638	9 Amounts charged out	89 471 213	93 204 011
2 768 159	<b>Net expenditure</b>	555 226	193 223
	<b>Surplus/(Deficit)</b>		

## APPENDIX E

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)		2007 Actual Income	2007 Actual Expenditure	2007 Surplus/ (Deficit)	2007 Budget Surplus/ (Deficit)
R	R	R		R	R	R	R
46 071 277	45 331 419	739 857	<b>RATE &amp; GENERAL SERVICES</b>	63 818 463	63 450 963	367 499	(1 827 267)
<b>Community services</b>				<b>Community services</b>			
42 402 769	35 222 141	7 180 628		56 145 556	48 616 688	7 528 868	5 255 637
14 164 212		14 164 212	Assessment rates	20 168 866	0	20 168 866	20 130 799
85 000	1 054 974	(969 974)	Mayoral office	0	1 288 778	(1 288 778)	-1 282 255
-	807 208	(807 208)	Municipal Manager	0	871 553	(871 553)	-1 098 779
38 415	2 026 645	(1 988 230)	CS : Administration	32 989	2 129 785	(2 096 796)	-2 145 641
39 225	1 157 659	(1 118 434)	Town Hall & Offices	86 072	1 320 774	(1 234 702)	-1 261 759
179 315	295 532	(116 217)	Staff Housing	150 015	311 367	(161 352)	-89 476
16 852	690 091	(673 239)	Libraries	12 756	710 012	(697 256)	-739 651
3 124	17 480	(14 356)	Mun Sport Club	3 766	17 025	(13 258)	-14 287
-	174 233	(174 233)	Grant -in- Aid	0	196 056	(196 056)	-202 000
21 744 444	12 982 940	8 761 504	Gen Exp-Council	28 756 679	24 160 570	4 596 109	3 548 286
1 353 445	3 478 691	(2 125 246)	Traffic	2 301 346	4 587 776	(2 286 430)	-2 469 025
-	30 708	(30 708)	Disaster Management	0	11 420	(11 420)	-42 674
-	8 736	(8 736)	Aerodrome	0	47 549	(47 549)	-48 748
1 673 403	2 602 294	(928 891)	Finance	1 644 137	2 929 510	(1 285 374)	-1 034 888
791	241 663	(240 873)	Stores	0	340 223	(340 223)	-382 862
-	256 280	(256 280)	Public Convenien	13 006	263 186	(250 180)	-310 748
7 363	1 248 348	(1 240 985)	Street Cleaning	945	1 351 593	(1 350 648)	-1 388 896
-	155 386	(155 386)	Recreation Grounds	0	124 839	(124 839)	-132 816
2 658 626	5 895 186	(3 236 561)	Parks, Gardens, Est	2 665 887	5 922 583	(3 256 696)	-3 737 249
22 228	625 547	(603 319)	Swimming Pools	90 324	619 380	(529 056)	-765 300
4 834	55 913	(51 079)	Caravan Park	11 911	27 315	(15 403)	-43 354
298 083	689 724	(391 641)	ES: Administration	140 870	523 575	(382 705)	-420 950
113 409	164 093	(50 684)	Cemetries	65 987	134 933	(68 946)	-91 339
-	302 822	(302 822)	Workshop	0	335 738	(335 738)	-339 756
-	259 988	(259 988)	Buildings	0	391 149	(391 149)	-380 995
<b>Subsidised services</b>				<b>Subsidised services</b>			
2 216 596	9 245 435	(7 028 839)		5 959 647	13 872 315	(7 912 668)	(7 833 283)
60 953	298 729	(237 775)	Zld Hist Museum	72 325	323 847	(251 522)	-274 066
-	912 410	(912 410)	Fire Fighting	0	1 284 377	(1 284 377)	-1 324 036
417 280	1 213 529	(796 249)	Public Health	958 274	1 512 966	(554 692)	-657 455
1 133 537	1 877 408	(743 871)	Clinic	1 858 572	2 338 817	(480 245)	-618 409
604 825	4 943 359	(4 338 534)	Roads and Streets	3 070 476	8 412 308	(5 341 832)	-4 959 297
<b>Economic services</b>				<b>Economic services</b>			
1 451 912	863 844	588 068		1 713 260	961 961	751 299	750 379
1 451 912	863 844	588 068	Testing Grounds	1 713 260	961 961	751 299	750 379
<b>HOUSING</b>				<b>HOUSING</b>			
50 090	61 145	(11 055)		53 277	59 570	-6 293	2 931
24 797	24 304	493	Gingindlovu Housing	26 642	23 795	2 847	2 686
20 080	36 418	(16 338)	Mpushini Park	21 184	35 365	(14 181)	-4 729
5 213	423	4 790	Sunnydale Three	5 451	410	5 041	4 974
<b>TRADING SERVICES</b>				<b>TRADING SERVICES</b>			
24 304 430	22 265 074	2 039 356		26 154 699	25 960 679	194 020	2 017 559
295 672	139 843	155 828	Chalet Park	313 343	117 924	195 419	148 828
3 349 676	2 690 141	659 535	Refuse Removal	4 566 447	4 467 412	99 035	-45 454
1 901 223	14 305 426	(12 404 203)	Electricity : Administration	1 965 153	15 834 625	(13 869 472)	-12 609 807
18 757 860	5 129 663	13 628 196	Electricity : Distribution	19 309 756	5 540 718	13 769 038	14 522 992
70 425 797	67 657 638	2 768 159	<b>TOTAL</b>	90 026 439	89 471 213	555 226	193 223
Appropriations for this year (Refer to Note 17)							
(1 103 337)							
Net surplus/(deficit) for the year							
1 664 822							
Accumulated surplus / (deficit) beginning of year							
1 621 800							
Accumulated surplus / (deficit) end of year							
3 286 622							

**UMLALAZI MUNICIPALITY**

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**APPENDIX F: STATISTICAL INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2007**

		<b>2007</b>	<b>2006</b>
<b>a</b>	<b>General Statistics</b>		
i	Population	220 213	220 213
ii	Valuation of "taxable" Property	181 022 550	169 609 650
	Valuation of "non taxable" Property	12 493 700	12 493 700
iii	Valuation of residential property	142 588 200	131 267 300
	Valuation of commercial property	33 744 250	33 675 250
iv	Number of residential properties	6 723	6 672
	Number of commercial properties	218	216
v	Assessment rates: Cent/Rand:		
	Eshowe	15.77	14.81
	Mtunzini	6.10	5.73
	Gingindlovu	15.06	14.15
vi	Number of employees of the local authority	278	289
<b>b</b>	<b>Electricity Statistics</b>		
i	Units bought/generated	66 177 657	54 161 400
ii	Units sold	53 675 091	48 980 286
iii	Units lost in distribution (i-ii)	12 502 566	5 181 114
iv	Units lost in distribution, as a % of (i)	18.89%	9.57%
v	Cost per unit sold in cents (operating expenditure divided by ii)	0.36	0.35
<b>c</b>	<b>Sundry Statistics</b>		
i	Area km <sup>2</sup>	2 300	2 300
ii	Previous election number of registered voters	92 304	92 659
	Previous election % poll	54	52
iii	Fire service/ambulance service/security department		
	- Units (Stations)	1	1
	- Number of employees (excluding administrative personnel)	23	20
iv	Parks and Recreations		
	- Number of developed parks/are (km <sup>2</sup> ) of developed parks	7	6
	- Number of swimming pools	-	2
	- Number of tennis courts/rugby fields etc.	-	9
	- Number of soccer fields in rural areas	9	22
v	Licences issued		
	- Vehicle registration	44 000	44 000
	- Other	10 210	10 210
vi	Library		
	- Books issued	65 000	73 004
vii	Cleansing		
	- Refuse removed and dumped: tonnage	19.22	18 047
viii	Roads and Works		
	- Kilometre roads constructed/repared	5.50	2.2
ix	Housing		
	- Number of houses	525	-
	- Number of people accommodated	450	-
	- Number of people on waiting list	6 000	6 000